1. Call to Order; Pledge of Allegiance; Roll Call; Opening remarks.

The meeting was called to order at 12:30 P.M. by Chairman Tobin, which was followed by the Pledge of Allegiance and Roll Call.

2. Call to the Public.

This is the time for the public to comment. Members of the Board of Trustees may not discuss items that are not specifically identified on the agenda, except to address criticism from the public. Therefore, pursuant to A.R.S. § 38-431.01(H), the Board of Trustees’ reaction to any public comment is limited to addressing criticism or recommending that the Board of Trustees or Staff respond or study such comment or schedule the subject matter for further consideration at a later date after appropriate notice.

There was no reply to the Call to the Public.

A second Call to the Public was made at 2:30 P.M., to which there was no reply.
3. **Introduction of Phil Coleman, Employer Relationship Manager.**

   Mr. Jared A. Smout
   Administrator

   Mr. Smout introduced Phil Coleman, the new Employer Relationship Manager. Mr. Coleman provided details regarding his work career.

4. **Appropriate Action** for approval of the items on the Consent Agenda (documentation concerning the matters on the consent agenda may be reviewed at the PSPRS office). Any matter on the Consent Agenda will be removed from the Consent Agenda and discussed as a regular agenda item upon the request of any member of the Board of Trustees.

   d. Acceptance of Elected Officials’ Retirement Plan of termination of normal retirement benefit of Marilyn A. Riddel.
   e. Acceptance of Elected Officials’ Retirement Plan of normal retirement benefit of Donald Shooter.
   f. Acceptance of Elected Officials’ Retirement Plan of termination of survivor benefit of Frances Wilcox.
   g. Acceptance of Transfer Between State Retirement Systems of Thomas Johannesen.
   h. Acceptance of Transfer Between State Retirement Systems of Lisa Brockman.
   i. Acceptance of Transfer Between State Retirement Systems of Reymundo Higuera.
   j. Acceptance of Transfer Between State Retirement Systems of David Heathcock.
   k. Acceptance of Transfer Between State Retirement Systems of Marcus Virgil.
   l. Approval of the Minutes of the EORP Ad Hoc/Subcommittee Meeting held on December 20, 2017 and the February 28, 2018 Meeting of the PSPRS Board of Trustees.

   **MOTION:** 1-03/28/2018 At 12:34 P.M.
   Motion: To approve the Consent Agenda as presented.
   Moved by: Mr. Raines
   Seconded by: Mr. Smith
   Discussion: None
   In Favor: Unanimous
   Motion: Passes

   Report by Mr. Donald C. Smith, Chairman of the Investment Committee, regarding agenda items 5 through 13, which were discussed at the Investment Committee meeting held today, March 28, 2018, on or after 9:30 a.m., and possible Action on the Committee’s recommendations to the Board regarding same.

5. **Presentation and written report by Investment Department Staff regarding Portfolio Risk as of January 31, 2017.**

   Mr. Owen Zhao
   Portfolio Analyst - Risk

   The January 31, 2018 written report was provided to the members of the Board. Regarding the report for December 31, 2017, an overview of portfolio risk by asset class was presented, volatility as compared to the S&P 500 Stock Index on a rolling basis was discussed, as were drivers of the portfolio and the analysis of returns.
6. Written report by Investment Department Staff and discussion regarding (i) the Month-End and Fiscal Year-to-Date performance for the PSPRS Trust as of January 31, 2018; and (ii) written report regarding the asset allocation and performance of the Firefighters and Peace Officers Cancer Insurance Program.

Ms. Vaida Maleckaite
Director of Investment Services

The written report was provided to the members of the Board.

7. Discussion and possible Action regarding Change of Benchmark for the Fixed Income Portfolio of Arizona PSPRS Trust.

Mr. Ryan Parham
Assistant Administrator and Chief Investment Officer
Mr. William Thatcher
Lead Portfolio Manager
Mr. Allan Martin
NEPC, LLC.

The proposed change in the Fixed Income Portfolio Benchmark was discussed. In addition, uncompensated currency risk, the fixed income returns and currency calls were explained by Mr. Thatcher.

<table>
<thead>
<tr>
<th>MOTION:4-03/28/2018</th>
<th>At 2:10 P.M.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motion:</td>
<td>To approve the change in the fixed income benchmark to 80% U.S. Fixed Income and 20% International Fixed Income.</td>
</tr>
<tr>
<td>Moved by:</td>
<td>As recommended by the Investment Committee during their meeting this morning.</td>
</tr>
<tr>
<td>Seconded by:</td>
<td>Not applicable. Recommended by Committee</td>
</tr>
<tr>
<td>Discussion:</td>
<td>None</td>
</tr>
<tr>
<td>In Favor:</td>
<td>Unanimous</td>
</tr>
<tr>
<td>Motion:</td>
<td>Passes</td>
</tr>
</tbody>
</table>

8. Presentation by Investment Department Staff, discussion and possible Recommendation regarding adopting certain proposed revisions to Appendix I (Asset Allocation Policy) of the Amended and Restated Statement of Investments.

Mr. Ryan Parham
Mr. William Thatcher
Mr. Allan Martin

<table>
<thead>
<tr>
<th>MOTION 5-03/28/2018</th>
<th>At 2:12 P.M.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motion:</td>
<td>To approve the changes to Appendix I (Asset Allocation Policy) of the Amended and Restated Statement of Investments.</td>
</tr>
<tr>
<td>Moved by:</td>
<td>Recommended by the Investment Committee during their morning meeting.</td>
</tr>
<tr>
<td>Seconded by:</td>
<td>Not applicable. Recommended by Committee.</td>
</tr>
<tr>
<td>Discussion:</td>
<td>None</td>
</tr>
<tr>
<td>In Favor:</td>
<td>Unanimous</td>
</tr>
<tr>
<td>Motion:</td>
<td>Passes</td>
</tr>
</tbody>
</table>
9. Discussion and possible Action regarding adopting certain proposed revisions to Appendix IV (Requirements for the Fixed Income Portfolio) of the Amended and Restated Statement of Investment Policy.

Mr. Ryan Parham  
Mr. William Thatcher  
Mr. Allan Martin  
Jennifer Carlino, Esq.  
Chief In-House Investment Counsel

<table>
<thead>
<tr>
<th>MOTION:6-03/28/2018</th>
<th>At 2:14 P.M.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motion:</td>
<td>To approve the change as presented.</td>
</tr>
<tr>
<td>Moved by:</td>
<td>As recommended during the Investment Committee meeting this morning.</td>
</tr>
<tr>
<td>Seconded by:</td>
<td>Not applicable. Recommended by Committee.</td>
</tr>
<tr>
<td>Discussion:</td>
<td>None</td>
</tr>
<tr>
<td>In Favor:</td>
<td>Unanimous</td>
</tr>
<tr>
<td>Motion:</td>
<td>Passes</td>
</tr>
</tbody>
</table>

10. Report, discussion and possible Action on Securities Lending.

Mr. Dean Scheinert, Trustee  
Mr. Don Smith, Trustee  
Mr. Ryan Parham  
Ms. Vaida Maleckaitė

Discussion was held regarding the Securities Lending Program.

<table>
<thead>
<tr>
<th>MOTION:7-03/28/2018</th>
<th>At 2:30 P.M.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motion:</td>
<td>To accept the recommendation of the Investment Committee to place a 30% limit on the investable assets subject to the Securities Lending Program, to include a quarterly report regarding the Securities Lending Program, to continue the program and to keep our eye on the program.</td>
</tr>
<tr>
<td>Moved by:</td>
<td>As recommended by the Investment Committee during their meeting this morning.</td>
</tr>
<tr>
<td>Seconded by:</td>
<td>Not applicable. Recommended by Committee.</td>
</tr>
<tr>
<td>Discussion:</td>
<td>None</td>
</tr>
<tr>
<td>In Favor:</td>
<td>Unanimous</td>
</tr>
<tr>
<td>Motion:</td>
<td>Passes</td>
</tr>
</tbody>
</table>

11. Presentation and discussion by Investment Department Staff and Consultants regarding the annual Overview and Strategic Plan for the Private Equity portfolio.

Mr. Shan Chen, Lead Portfolio manager  
Mr. William Thatcher  
Mr. Mark Steed, Deputy CIO and Chief of Staff  
Mr. Allan Martin, NEPC  
Mr. Jay Rose, Stepstone  
Lincoln Smith, Albourne  
David Hutchings, Albourne

Investment Staff and Consultants presented a summary of the System’s Private equity Portfolio. According to the presentation, Private Equity’s primary purpose is to seek premium returns through liquidity premiums on investment returns through buyouts, growth in venture capital assets, venture
capital distressed investments and secondary interests. Discussion was held regarding the various investment stages of a fund and how private equity performance is measured. Because investments are in private companies, investment valuation takes longer. The outlook for this asset class for the U.S., Europe and Asia was presented.

A snapshot of the PSPRS Private Equity portfolio and cash flow comparisons for prior years 2013 through 2017 were reviewed, as were the 2017 commitment activities, geographic exposure, strategy, pacing and time weighted returns. Performance since inception was reviewed as well. The performance as of September 30, 2017, year-over-year was 6.8%. Investment in secondaries was discussed, including the investment strategy, performance, due diligence and future outlook. A question and answer period was held.

12. Disclosure by Investment Department Staff on the following Manager Selection Matters:

A. Finalized and Executed Transactions during Prior Period:
   1. **Patria – Private Equity Fund IV Feeder, L.P.**; Committed amount of up to $30 million; Date Closed: February 23, 2013. This investment is allocated to PSPRS Asset Class: Private Equity.

B. Investments Completely Liquidated During Prior Period:
   1. **Castle Creek AZ TARP Special Situations Fund, L.P.**; this investment was allocated to the PSPRS Asset Class: Private Credit.
   2. **ESG Cross Border Equity Fund, L.P.**; this investment was allocated to the PSPRS Asset Class: Equity.

No discussion was held.


   Jennifer Carlino, Esq.
   Chief In-House Investment Counsel

   A written report was provided to the Board.

Presentation by Mr. Mike Scheidt, Vice Chairman of the Operations, Governance Policy and Audit Committee, regarding agenda items 14 through 19, which were discussed at the Operations, Governance Policy and Audit Committee meeting held today, March 28, 2018, on or after 11:30 a.m., and possible Action on the Committee's recommendations to the Board regarding same.

14. Review and discussion of staff operation reports.

   a. Operations Update Report
   b. Year to Date Budget Report
   c. Local Board & Employer Outreach Report
   d. Local Board Rehearing Report
   e. Law Firms’ Billings for Legal Services
   f. HR Report
   g. Communication Efforts Report

Details regarding the above-listed items were provided to the Board in their written materials.

A search will be conducted for a strategic consultant to assist in developing an integrated strategies plan to assist with the future success of PSPRS.
15. Review and discussion of system development progress.  

Mr. John Briney  
Enterprise Systems Architect

A Gant Chart has been created to track and monitor the software development activities for the next quarter.


Mr. Dave DeJonge

The internal Vendor Management Procedure, specifically section 4.2.2, has been revised to address the concerns raised at the last board meeting. For those vendors who have exceeded or are getting close to the maximum ten-year period, Mr. Buividas requested a proposed schedule for taking them out to bid.

17. Review, discussion and possible Action with respect to the FY2019 PSPRS Administrative Budget.  

Mr. Jared A. Smout

Discussion was held regarding the need to fill job positions that will become vacant due to retirement, but also to allow work in tandem for training purposes.

<table>
<thead>
<tr>
<th>MOTION:9-03/28/2018</th>
<th>At 3:23 P.M.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motion:</td>
<td>To approve the recommendation of the Operations, Governance Policy and Audit Committee to approve succession planning regarding filling of positions that will be needed to be covered due to pending retirements with the caveat of reviewing the position when it becomes vacant.</td>
</tr>
<tr>
<td>Moved by:</td>
<td>As recommended by the Operations, Governance Policy and Audit Committee</td>
</tr>
<tr>
<td>Seconded by:</td>
<td>Not applicable. Recommended by Committee.</td>
</tr>
<tr>
<td>Discussion:</td>
<td>None</td>
</tr>
<tr>
<td>In Favor:</td>
<td>Unanimous</td>
</tr>
<tr>
<td>Motion:</td>
<td>Passes</td>
</tr>
</tbody>
</table>

18. Review, discussion and possible Recommendations on pending and passed legislative actions and potential legislative proposals.  

Mr. Jared A. Smout

Dianne McCallister and Doug Cole shared that PSPRS’ Administrative Bill SB1251 has been signed. SB1478 will change the static 23.5% employer rate for EORP and move it to a variable, actuarially set rate. The Legislature wants it to be a standalone bill, which will be heard today. HB2097 establishes pension funding policies for employers that will be transparent on website. HB2545 and HCR2032 concern changing the PBI to a COLA for EORP, and HB2564 raises court fees to fund the legacy EORP Plan. SB1262, which the Board issued formal opposition regarding the assumed rate of return, has been discontinued. Discussion was held regarding other possible legislation applicable to PSPRS.

<table>
<thead>
<tr>
<th>MOTION:2-03/28/2018</th>
<th>At 12:48 P.M.</th>
</tr>
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<tbody>
<tr>
<td>Motion:</td>
<td>To recommend a technical correction in the A.R.S. §35-393, et seq, regarding the definition of &quot;company,&quot; upon the approval of the Attorney General’s Office.</td>
</tr>
<tr>
<td>Moved by:</td>
<td>Mr. Smith</td>
</tr>
<tr>
<td>Seconded by:</td>
<td>Mr. Davis</td>
</tr>
<tr>
<td>Discussion:</td>
<td>None</td>
</tr>
<tr>
<td>In Favor:</td>
<td>Unanimous</td>
</tr>
<tr>
<td>Motion:</td>
<td>Passes</td>
</tr>
</tbody>
</table>
19. Review, discussion and possible **Action** on the CORP Tier 3 actuarial assumptions to be used for the July 1, 2018 rates.

*Mr. Jared A. Smout*

Last year the Board approved two separate assumptions for PSPRS Tier 3. The assumed rate was set at 7%, instead of 7.4%, for the legacy plan, and a salary cap for PSPRS and CORP both tiers of $100,000 and $70,000 in CORP. The actuaries placed a 1% salary growth rate, to be adjusted every three years, and the Board adopted a 2% salary cap growth rate. With CORP Tier 3 beginning July 1, discussion was held regarding adopting the same assumptions of 7% assumed rate and 2% salary cap on growth rate. The Board asked for analysis by GRS and to bring this agenda item back in April.

20. Discussion and appropriate **Action** regarding Board of Trustee member requests to participate in training, educational and due diligence opportunities.

*Mr. Brian P. Tobin*

There were no requests for training, educational and/or due diligence opportunities.

21. Discussion and consultation with legal counsel and Staff and possible **Action** regarding proposed legislation, investment matters, ongoing, contemplated or threatened legal action involving the Trust and Plans, including vendor disputes, public record requests, personnel matters and actual or potential litigation and claims based on contract, tort or statute, including matters involving judges Thompson and Hall. The Board may vote to discuss these matters in Executive Session pursuant to A.R.S. §§ 38-431.03(A) (1), (2), (3), (4) and (7) as set forth in item 22.

22. **The Board of Trustees may vote to go into Executive Session (which will not be open to the public) to discuss matters pursuant to A.R.S. §§ 38-431.03(A) (1), (2), (3), (4) and (7), as applicable, including to receive legal advice from the Board’s attorneys on any matter listed on the agenda, including:**

   a. Discussion and consultation with legal counsel and Staff regarding matters arising from public record requests or subpoenas, and ongoing or threatened legal action or claims involving the Plans or Trust not otherwise referenced above in Item 21, including but not limited to those involving the status of lawsuits challenging provisions of SB1609, as authorized by A.R.S. §§ 38-431.03(A) (2), (3).

   b. Update and discussion on personnel matters, as authorized by A.R.S § 38-431.03(A) (1).  

**MOTION:3-03/28/2018** At 12:54 P.M.
Motion: To recess Open Session and enter Executive Session
Moved by: Mr. Buividas
Seconded by: Mr. Scheidt
Discussion: None
In Favor: Unanimous
Motion: Passes

The Board ended Executive Session and resumed Open Session at 1:30 P.M.

23. Possible **Action** on future meeting dates. (Next meeting currently scheduled for Wednesday, May 2, 2018.)

The next meeting was previously scheduled for Wednesday, May 2, 2018, but is now changed to Wednesday, April 25, 2018.

The meeting was adjourned at 3:32 P.M.

________________________
Brian P. Tobin, Trustee, Chairman

________________________  __________________________
William T. Buividas, Trustee,  William C. Davis, Trustee
Vice Chairman

________________________  __________________________
EXCUSED  EXCUSED
Edward J. McNeill, Trustee  Harry A. Papp, Trustee

________________________  __________________________
Bryan Raines, Trustee  Mike Scheidt, Trustee

________________________  __________________________
Dean M. Scheinert, Trustee  Donald A. Smith, Jr., Trustee